

FIRST REGULAR SESSION

SENATE BILL NO. 358

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR ENGLER.

Read 1st time January 24, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

1534S.011

AN ACT

To repeal section 301.640, RSMo, and to enact in lieu thereof one new section relating to the release of a lienholder's rights upon the satisfaction of a lien or encumbrance, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 301.640, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 301.640, to read as follows:

301.640. 1. Upon the satisfaction of any lien or encumbrance of a motor vehicle or trailer, the lienholder shall[, within ten business days] release the lien or encumbrance on the certificate or a separate document **no later than the next business day after the satisfaction of the lien or encumbrance**, and mail or deliver the certificate or a separate document to the owner or any person who delivers to the lienholder an authorization from the owner to receive the certificate or such documentation. The release on the certificate or separate document shall be notarized. Each perfected subordinate lienholder, if any, shall release such lien or encumbrance as provided in this section for the first lienholder. The owner may cause the certificate to be mailed or delivered to the director of revenue, who shall issue a new certificate of ownership upon application and payment of the required fee. A lien or encumbrance shall be satisfied for the purposes of this section when a lienholder receives payment in full in the form of certified funds, as defined in section 381.410, RSMo, **or by way of electronic funds transfer**.

2. If the electronic certificate of ownership is in the possession of the director of revenue, the lienholder shall notify the director within [ten] **one** business [days] **day** of any release of a lien and provide the director with the

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 most current address of the owner **or any person who delivers to the**
20 **lienholder an authorization from the owner to receive the certificate**
21 **or such documentation.** The director shall note such release on the electronic
22 certificate and if no other lien exists the director shall mail or deliver the
23 certificate free of any lien to the owner **or any person who has delivered to**
24 **the lienholder, and therefore, the director, an authorization from the**
25 **owner to receive the certificate or such documentation from the**
26 **director.**

27 3. If the purchase price of a motor vehicle or trailer did not exceed six
28 thousand dollars at the time of purchase, a lien or encumbrance which was not
29 perfected by a motor vehicle financing corporation whose net worth exceeds one
30 hundred million dollars, or a depository institution, shall be considered satisfied
31 within six years from the date the lien or encumbrance was originally perfected
32 unless a new lien or encumbrance has been perfected as provided in section
33 301.600. This subsection does not apply to motor vehicles or trailers for which
34 the certificate of ownership has recorded in the second lienholder portion the
35 words "subject to future advances".

36 4. Any lienholder who fails to comply with subsection 1 or 2 of this section
37 shall pay to the person or persons satisfying the lien or encumbrance
38 **[twenty-five] two hundred and fifty** dollars for the first **[ten] business [days]**
39 **day** after expiration of the time period prescribed in subsection 1 or 2 of this
40 section, and such payment shall double for each **[ten days] business day**
41 thereafter in which there is continued noncompliance, up to a maximum of five
42 **[hundred] thousand** dollars for each lien. If delivery of the certificate or other
43 lien release is made by mail, the delivery date is the date of the postmark for
44 purposes of this subsection.

45 5. Any person who knowingly and intentionally sends in a separate
46 document releasing a lien of another without authority to do so shall be guilty of
47 a class C felony.

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